



Memorandum

DATE: March 2, 2015

TO: Michelle Boehm, Contract Manager

FROM: Alicia Lauron, Audit Division

CC: Finance and Audit Subcommittee of the Board
Jeff Morales, CEO
Jonathan Fong, Contract Analyst

SUBJECT: Preaward Review HSR14-39

The Authority Audit Division has completed its review of the draft agreement and the cost proposal for HSR14-39 between the California High-Speed Rail Authority (Authority) and STV Incorporated (Contractor) for the Burbank to Anaheim Corridor Environmental/Engineering Services.

The scope was limited to reviewing the draft agreement and the cost proposals dated February 4, 2015. The objectives of the review were to determine if the necessary fiscal provisions were incorporated in the draft agreement and whether the proposed costs are reasonable and in compliance with the Code of Federal Regulations Title 48, Chapter 1, Part 31 for the purpose of accepting contract progress billings.

Except as noted in the following paragraph, our review was conducted in accordance with Government Auditing Standards for attestation engagement as issued by the Comptroller General of the United States. A review is substantially less in scope than an examination, the objectives of which is the expression of an opinion on the proposed costs contained in the cost proposal submitted by the Contractor, and accordingly, review reports express no such opinion.

The Authority Audit Division has not undergone a peer review as required by the Government Auditing Standards due to the recent formation of the Audit Division and the lack of a body of work to be reviewed. The Authority Audit Division is not yet eligible for a peer review for the reasons stated.

Based on the review of the cost proposal and the draft agreement, except as discussed in the issues and recommendations section below, no material deficiencies were noted.

This report is intended for the information and use of the management of the Authority. However, this report is a public document and its distribution is not limited.

ISSUES AND RECOMMENDATIONS

Issue 1

The proposed hourly rates were overstated for the following employees:

Name	Classification	Proposed Rate	Supported Rate	Firm
David Borger	Project Manager	\$ 150.00	\$ 145.68	STV
Richard Campbell	Bridges/Structures	85.14	81.86	STV
Mysore Satish	Grade Separations	92.38	89.68	STV
Renie M Wong	Landscape Architect	110.49	43.50	Cornerstone
Jeff Kim	Senior Landscape	85.47	33.65	Cornerstone
Jorge Arredondo	Landscape Designer 3	55.88	22.00	Cornerstone
Ryan Browne	Sr. Civil Engineer	149.24	60.00	DeLeon Consulting
Jose Varias	Utilities Engineer	124.20	49.00	DeLeon Consulting
Werner Abrego	Sr. Civil Engineer	149.24	60.00	DeLeon Consulting
Calvin Liu	CA Engineer	111.78	45.00	DeLeon Consulting
Keyban Pirbazari	Public Engineer	80.00	75.50	JL Patterson
Norm Baron	Public Engineer	60.00	50.00	JL Patterson
Tom Tappan	Public Engineer	70.00	68.00	JL Patterson
Patrick Mahoney	Public Engineer	70.00	65.00	JL Patterson
Lawrence Valdivia	Public Engineer	55.00	53.00	JL Patterson
Mohammed Golji	Public Engineer	65.00	61.39	JL Patterson
Marc Canas	Railroad Freight Coord	80.00	70.00	JL Patterson
Byron Davis	Project Manager	75.10	52.88	VACC Inc.
Paul Wagner	Deputy Project Manager	76.43	74.63	Wagner Engineering

Recommendation: The Contract Manager should have the cost proposal revised to reflect the supported rates.

Issue 2

The hourly ranges/rates were misstated for the following proposed classifications:

Classification	Proposed Range	Supported Range/Rate	Firm
Supervising Eng./Architect/Planner	\$69.64 - 130.13	\$69.60-125.79	STV
Senior Engineer	45.38 - 62.98	43.57 - 64.68	AMEC
Engineer III	35.79 – 59.47	34.34 – 61.23	AMEC

Classification	Proposed Range	Supported Range/Rate	Firm
Engineer II	32.77 - 42.10	31.26 - 43.55	AMEC
Engineer I	26.99 - 29.85	25.80 - 31.25	AMEC
Engineering Technician 3	39.40 - 44.07	38.18 - 45.37	AMEC
Engineering Technician 2	31.72 - 36.53	30.78 - 37.75	AMEC
Engineering Technician 1	19.56 - 29.43	18.54 - 30.72	AMEC
Environmental Scientist 3	48.99 - 55.86	47.21 - 57.71	AMEC
Project Administrator 2	25.05 - 26.99	24.23 - 28.28	AMEC
Clerical 3	28.06 - 30.56	26.92 - 32.21	AMEC
Clerical 2	19.26 - 24.62	17.99 - 26.31	AMEC
Asst. Project Coordinator	18.00 - 25.00	18.00 - 20.00	Arellano
Administrative Assistant	15.00 - 25.00	15.00 - 17.00	Arellano
Associate Engineer I & II	51.28 - 57.20	48.08 - 57.20	Diaz Yourman
Staff Engineer II	29.26 - 31.15	29.26 - 29.34	Diaz Yourman
Technician II	21.93 - 31.93	25.00 - 26.93	Diaz Yourman
Senior Right of Way	40.00 - 50.24	40.00 - 45.67	Epic Land
Right of Way Agent	24.64 - 44.00	27.88 - 40.00	Epic Land
Right of Way Specialist	24.44 - 44.00	27.88 - 40.00	Epic Land
Right of Way Intern	23.80 - 33.85	23.80 - 30.77	Epic Land
Appraiser	38.46 - 87.26	35.00 - 79.33	Epic Land
Environmental Planner	30.00 - 33.65	30.00 - 38.46	GPA Consulting
Environmental Specialist	23.00 - 26.50	26.00 - 26.50	GPA Consulting
Urban Planner	35.59 - 39.90	31.59 - 39.90	Gruen Asso.
Associate Consultant III	25.00 - 40.70	25.96 - 38.01	ICF International
Engineering Specialist	62.00 - 98.00	61.98 - 96.77	Jacobs Assoc.
Cost Estimator	55.00 - 70.00	45.53 - 65.46	Kal Krishnan
Scheduler	55.00 - 70.00	43.25 - 63.13	Kal Krishnan
Engineer	20.00 - 40.00	25.00 - 35.75	LIN Consulting
Survey Analyst	35.00 - 45.00	41.00	Coast
Engineer 3	40.00 - 42.34	41.17	CWE
Environmental Scientist 2	31.43 - 40.56	40.55	CWE
Engineering Tech 3	28.00 - 32.84	30.42	CWE
Engineering Tech 1	18.00 - 26.00	22.00	CWE
Engineering Intern	13.00 - 16.00	14.50	CWE
Project Administrator 1	18.00 - 22.40	20.00	CWE
Administrative Assistant	16.00 - 20.00	20.00	Del Richardson
Project Engineer II	38.27 - 48.27	43.27	Diaz Yourman
CAD Drafter	17.07 - 27.07	22.07	Diaz Yourman
Technical Editor	28.66 - 38.66	33.66	Diaz Yourman
Right of Way Advisory Manager	52.88 - 79.33	72.12	Epic Land

Classification	Proposed Range	Supported Range/Rate	Firm
Senior Appraiser	79.33 - 87.26	79.33	Epic Land
Engineering Manager	61.00 - 63.00	63.00	LIN Consulting
Deputy Project Manager	40.00 - 44.00	44.00	LIN Consulting
Clerical	15.00 - 20.50	20.50	LIN Consulting
Senior Outreach Associates	33.96 - 53.96	43.96	VMA Comm.
Associate	17.47 - 37.47	27.47	VMA Comm.
Clerical	11.50 - 31.50	21.50	VMA Comm.
Senior Technical Editor	20.29 40.29	30.59	Value Mgmt
Operations Manager 3	41.92 - 61.92	52.44	Value Mgmt
Project Administrator 1	20.29 - 40.29	30.59	Value Mgmt
Survey Apprentice	18.41 - 33.96	18.45	Wagner Eng.

Recommendation: The Contract Manager should have the cost proposal revised to reflect the supported high and low ranges for the proposed classifications.

Issue 3

The hourly ranges/rates were unsupported for the following proposed classifications:

Classification	Proposed Range	Verified Range	Firm
Outreach Support Staff	15.00 - 17.50		Green Grass
Staff Design Engineer	40.00 - 55.00		JL Patterson
Staff CADD Designer	25.00 - 35.00		JL Patterson
Staff Administration Clerk	15.00 - 30.00		JL Patterson
Senior Engineer	60.00 - 75.00		The Lebaugh
Senior Project Staff	50.00 - 65.00		The Lebaugh
Project Staff	35.00 - 50.00		The Lebaugh
Administrative Assistant 3	20.00 - 35.00		The Lebaugh
Administrative Assistant	15.00 - 20.00		The Lebaugh
Assistant Project Engineer	45.00 - 47.00		VACC Inc.
Party Chief	45.00 - 46.00		Wagner Eng.
Chainman	42.00 - 43.00		Wagner Eng.
Administrative Assistant	20.00 - 25.00		Zmassociates

Recommendation: The Contract Manager should verify the proposed rates before starting the project or revise and remove the classifications that cannot be supported from the cost proposal.

Issue 4

The proposed hourly rates were unsupported for the following employees:

Name	Classification	Proposed Rate	Verified Rate	Firm
Genoveva Arellano	Principal	\$125.00		Arellano & Assoc.
Carson Anderson	Senior Consultant II	43.58		ICF International
David Buehler	Project Director	74.43		ICF International
Namrata Cariapa	Senior Consultant II	40.95		ICF International
Shilpa Trisal	Senior Consultant III	49.24		ICF International
Dan Weatherby	Railroad Signs	75.00		JL Patterson
Nichola Zaklan	Senior Consultant III	38.50		Zmassociates

Recommendation: The Contract Manager should verify the proposed rates before starting the project or revise and remove the employees that cannot be supported from the cost proposal.

Issue 5

Specific employees have not been identified to fill the proposed classifications. The Contractor has the flexibility to utilize staff from a pool of employees within the classifications; however, actual labor rates have not been verified.

Recommendation: The Contract Manager should approve employees identified to fill the proposed classifications and verify whether their actual pay rate is within the proposed range for their classifications.

Issue 6

The following proposed overhead cost rates were unsupported:

Firm	Proposed	Supported
STV Incorporated	150.95%	146.22%
CWE	150.00%	146.11%
GPA Consulting	150.44%	140.39%
Gruen Associates	158.00%	155.00%
JL Patterson	150.00%	148.54%
KOA Corporation	174.66%	152.60%
VACC, Inc.	215.83%	202.00%
VMA Communications	167.69%	163.69%

Recommendation: The Contract Manager should have the cost proposal revised to reflect the supported overhead rates.

Issue 7

The following contracted workers were proposed as employees:

Classification	Name	Firm
Landscape Architect 3	Rick Blanchard	Cornerstone Studios
Administrator	Sandy Monacelli	Cornerstone Studios
Project Engineer	David Fugate	VACC, Inc.
Environmental Sci. 1	Patricia Jewett	Zmassociates
Environmental Sci. 2	Claudia Loesch	Zmassociates
Environmental Sci. 3	Remus Baias	Zmassociates
Environmental Sci. 3	Laura Fulton	Zmassociates

Recommendation: The Contract Manager should have the cost proposal revised to remove the proposed contracted workers. If the contracted workers perform work on this project, overhead and the fixed fee should not be applied to their rates.

Issue 8

The proposed overtime rates were unsubstantiated for the following:

<u>Firm</u>	<u>Classifications</u>
STV, Incorporated	Project Control, Engineer/Architect/Planner, Sr. Engineer/Architect/Planner, Supervising Engineer/Architect/Planner,
Del Richardson & Assoc.	Administrative Assistant
Diaz Yourman & Assoc.	Technician II, CAD Drafter, Technical Editor/Word Processor
Epic Land Solutions	Right of Way Agent, Right of Way Specialist, Right of Way Intern
Kal Krishnan Consulting	Sr. Cost Estimator, Cost Estimator, Senior Scheduler, Scheduler

Recommendation: The Contract Manager should have the cost proposal revised to remove the proposed overtime.

Issue 9

The following proposed other direct costs rates could not supported:

Other Direct Costs	Description	Proposed Rate	Firm
Printing & Reproduction	Printing/Shipping/Mail	\$500 per mo	STV Inc.
Computer	FLAC 2D/3D usage	\$577 per week	AMEC
Computer	EZ FRISK usage	\$105 per day	AMEC
Miscellaneous	Hand Held GPS equipment	\$21 per day	AMEC
Miscellaneous	Field Differential GPS Equipt.	\$220 per day	AMEC
Miscellaneous	Digital Camera	\$22 per day	AMEC
Miscellaneous	Digital Camera (3D system)	\$220 per day	AMEC
Laboratory	Atterberg Limits	\$130 per unit	AMEC
Laboratory	Compaction Tests	\$195 per unit	AMEC
Laboratory	Consolidated Drained Shear Test	\$285 per unit	AMEC
Laboratory	Consolidation Test	\$265 per unit	AMEC
Laboratory	Expansion Index	\$140 per unit	AMEC
Laboratory	Sieve Analysis	\$100 per unit	AMEC
Laboratory	Hydrometer Analysis	\$100 per unit	AMEC
Laboratory	Moisture Content & Density	\$25 per unit	AMEC
Laboratory	Remolded Sample	\$60 per unit	AMEC
Laboratory	Wash Analysis	\$60 per unit	AMEC
Communications	Online meeting service	\$3,500 per mtg.	Arellano & Assoc.
Miscellaneous	Audio Visual rental	\$4,000	Arellano & Assoc.
Miscellaneous	Interpreters	\$550-\$850 per mtg	Arellano & Assoc.
Printing & Reproduction	CAD color plot, color, b/w prints	\$2,000 allowance	Cornerstone
Printing & Reproduction	Blue printing	\$1,000 allowance	Cornerstone
Delivery Services	Fedex Delivery	\$1,000	Cornerstone
Equipment	Noise Monitoring Equipment	\$25 per unit	Cross Spectrum
Equipment	Vibration Propagation Equipment	\$100 per unit	Cross Spectrum
Miscellaneous	Shipping	varies	Cross Spectrum
Vehicle	Field Truck	\$1,200 per month	CWE
Vehicle Expense	Field vehicle with supplies	\$17 per hour	Diaz Yourman
Printing & Reproduction	Color printing	\$1 per page	Green Grass Comm
Printing & Reproduction	Black & White	\$0.10 per page	Green Grass Comm
Printing & Reproduction	Large format b/w	\$0.24 sf	Gruen Associates
Printing & Reproduction	Large format color	\$7.5 sf	Gruen Associates
Printing & Reproduction	Small format b/w	\$0.57 each	Gruen Associates
Printing & Reproduction	Small format color	\$0.9 each	Gruen Associates
Miscellaneous	Renderings	\$2,500 - \$3,500	Gruen Associates

Other Direct Costs	Description	Proposed Rate	Firm
Printing & Reproduction	Black & White 8.5x11	\$0.08 per page	ICF Jones & Stokes
Printing & Reproduction	Black & White 11x17	\$0.16 per page	ICF Jones & Stokes
Printing & Reproduction	Printing and repro	\$200	Jacobs Associates
Delivery Services	Courier	\$200 TBD	Jacobs Associates
Printing & Reproduction	Copy b/w	\$0.05 per page	Kal Krishnan
Communications	Online meeting service	\$3,500 per mtg.	VMA Communication
Miscellaneous	Audio Visual rental	\$4,000	VMA Communication
Miscellaneous	Interpreters	\$550-850 per mtg.	VMA Communication
Miscellaneous	GPS Equipment Rental	\$200 per day	Wagner Engineering
Printing & Reproduction	Maps, Isopleths, Tables	\$1 per page	Zmassociates
Computer/Software	Advance Modeling Software	\$35 per hour	Zmassociates
Computer/Software	Met Data	\$250 each	Zmassociates
Computer/Software	Amazon Cloud Main Frame	\$35 per hour	Zmassociates
Computer/Software	Model Software Development	\$125 per hour	Zmassociates
Computer/Software	Cloud Data Storage for Model Proj	\$50 per month	Zmassociates

Recommendation: The Contract Manager should have the cost proposal revised and remove the proposed rates and be reimbursed at actual cost, supported by vendor invoices.

Issue 10

The following employees have proposed billing rates:

Name	Classification	Billing Rate	Firm
Thomas Miller	Env. Manager	\$ 175.00	Zmassociates
Lance Meister	Sr. Env. Planner	\$ 135.00	Cross-Spectrum
Juan Montoya	Environmental Planner	\$ 85.00	Cross-Spectrum
Jennifer Labrado	Outreach Lead	\$ 175.00	Green Grass Comm.

Recommendation: The Contract Manager should have the cost proposal revised to reflect the proposed billing rate in the loaded billing rate column and remove the hourly rate, overhead rate and the fixed fee.

Issue 11

The proposed miscellaneous travel and vehicle expenses (mileage, parking, & rental car) did not identify that these expenses will be reimbursed in accordance with the State of California Travel policy and guidelines for the following firms:

STV Incorporated	Epic Land Solutions
AMEC Environmental & Infrastructure, Inc.	GPA Consulting
Arellano Associates, LLC	Green Grass Communications
Cornerstone Studios, Inc.	Gruen Associates
Cross-Spectrum Acoustics, LLC	ICF Jones & Stokes, Inc.
CWE	JL Patterson & Associates, Inc.
Del Richardson & Associates Inc.	Jacobs Associates
Diaz Yourman & Associates	Kal Krishnan Consulting Services, Inc.
KOA Corporation	Lin Consulting , Inc.
LSA Associates, Inc.	VACC, Inc.
VMA Communications, Inc.	Value Management Strategies, Inc.
Wagner Engineering & Survey, Inc.	ZMassociates Environmental

Recommendation: The Contract Manager should have the cost proposal revised to reflect that travel and vehicle expenses will be reimbursed in accordance with the State of California Travel policy and guidelines.

Issue 12

The proposed miscellaneous other direct costs were unsupported for the following:

<u>Firm</u>	<u>Proposed ODC</u>
CWE	In-house printing and reproduction – reimbursed through overhead
Gruen Associates	Facsimile of \$2.00 per sheet – reimbursed through overhead
Coast Survey	GPS Receivers of \$100 per day – unsupported
Kal Krishnan Consulting	Cell phone of \$75.00 per month – unsupported
Arellano Associates	Meeting refreshments of \$300 per meeting – unsupported
VMA Communications	Meeting refreshments of \$300 per meeting - unsupported

Recommendation: The Contract Manager should have the cost proposal revised to remove the proposed other direct costs.